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## STRENGTHENING SOCIAL SECURITY: WHAT THEY'RE SAYING

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**President Bush – Americans Want Leadership:** “See, the American people expect those of us who’ve come to Washington, D.C. to negotiate in good faith on behalf of the people if there’s a problem. People ought to say, here’s what I’m for, not what they’re against. People ought to be willing to step up and lead, as opposed to playing partisan politics. That’s what the people want.” (President George W. Bush, Silver Spring, MD, 6/23/05) [Read The Transcript.](#)

**Ben Stein Says Compound Interest Will Work To Fix System:** “Well, compound interest means you earn interest, and then you earn interest on the interest. And if you let that work for you in the stock market for 20, 30, 40 years, even if you’re just putting a small amount away each month, you’re going to have a much more comfortable retirement than you ever dreamed of having. If you start when you’re in your 40s or 50s, the problem doesn’t get solved. If you start when you’re 20, it does get solved. And that’s sort of exactly what we’re talking about with your Social Security plan. If we start now, it’s going to be easy to solve the problem. If we wait until the system is already broke, it’s going to be incredibly difficult and expensive to solve the problem. Why not do it now, when it’s easy?” (Ben Stein, “President’s Conversation on Social Security,” Silver Spring, MD, 6/23/05) [Read The Transcript.](#)

**Deputy Commissioner Warns Of Solvency Problems:** “In an overview of the Social Security system, James B. Lockhart III, deputy commissioner for Social Security, said the nation’s ‘largest and most successful government program’ is spending more than the Department of Defense. It provides coverage for 157 million taxpaying workers and families, with \$493 billion paid to 48 million retirees, disabled workers and survivors last year, he said. But Social Security faces pressures in 2008 with baby boomers starting to retire, and it will run into deficits by 2017, he said. By 2041, the Social Security Trust Fund will be exhausted, with taxes funding only 74 percent of scheduled benefits. ‘The probability of solvency is very low without changes,’ Lockhart said.” (Chong W. Pyen, “Social Security Sides Heard Congressmen Dingell, Schwarz Offer Viewpoints On Privatizing,” *Ann Arbor News*, 6/19/05) [Read The Article.](#)

**Senate Finance Chairman Grassley - Voluntary Personal Retirement Accounts Offer ‘Real Reform’:** “‘I don’t want to give up on [voluntary personal retirement accounts],’ Grassley said in a conference call with reporters. While Grassley has said his top priority is assuring the long-term solvency of Social Security, he also favors creating the private accounts and said Bush’s backing offers a rare opening to push the issue. Bush created a stir on Tuesday when he encouraged the introduction of Social Security reform measures that don’t include the private accounts. Grassley said he doesn’t view that as retreating on the issue. ‘I don’t think the president can back off or should back off,’ Grassley said... ‘[We] want real reform and that real reform is personal accounts.’” (Mike Glover, “Grassley Not Giving Up On Private Accounts”, *AP*, 6/22/05) [Read The Article.](#)

***The Washington Post* - Engage On Social Security Reform:** “Failing to act now will make the problem harder to fix down the road; cuts or tax increases will have to be steeper the longer the problem goes unaddressed. ... This seems a good time to start.” (Editorial, “Where Are The Democrats,” *The Washington Post*, 6/22/05) [Read The Editorial.](#)

**CBO Director Warns Of System’s Problems; Former Director Says Personal Accounts Will Lower Costs:** “...the Congressional Budget Office renewed a warning Tuesday about the impending financial problems from failure to fix Social Security’s long term financial issues. CBO Director Douglas Holtz-Eakin, in prepared testimony before the House Ways and Means Committee, said Social Security’s projected surplus will swing from \$100 billion in 2007 to a deficit of \$100 billion by 2025. If Congress fails to address Social Security’s long-term problems, it will be forced to borrow billions to make up the projected shortfall, Holtz-Eakin said. ‘The resulting increase in government debt could seriously harm the economy,’ he told the committee. ... ‘When workers who have contributed to individual accounts retire, no tax payments will be needed to pay for the portions of their benefits that was pre-funded,’ [former CBO director] June O’Neill told the panel. ‘The transition costs [to personal accounts] should be viewed as an investment that will lower government costs in the future and will benefit saving and encourage economic growth.’” (“CBO Chief Warns About Failure to Fix Social Security”, *Dow Jones Newswires*, 6/21/05)

**Young People, Federal Reserve Economist Call On System To Be Fixed:** "Jennifer Flickinger has never counted on Social Security to be part of her retirement. 'If it's there, it will be a bonus,' said Frank Howell. Flickinger, Howell and about 20 other under-40s were at the Marriott Downtown to hear Thomas Garrett, research officer and economist for the Federal Reserve Bank of St. Louis, discuss the Social Security issue. Garrett discussed the difficulties and some proposed solutions to what many people label a crisis in the Social Security retirement program. ... Without changes, the Social Security system will begin paying out more in benefits than it gets in taxes in 2018, he said. By 2041, the Social Security Trust Fund -- really a stack of government IOUs stored in Parkersburg, W.Va. -- will be gone. At that point, Social Security only will be able to afford 74 percent of the promised benefits. ... 'Private accounts in the long, long, long run will be more beneficial than the current system,' he said. ... Private accounts could create a culture change, encouraging people to provide for their retirements and the additional investments could fuel market gains and provide economic growth, said Brandon Tidwell, one of the listeners at the forum for members of MPACT Memphis, Leadership Academy Fellows and the Memphis Urban League Young Professionals." (David Flaum, "Social Security Needs Reform, Fed Exec Says," *The Memphis Commercial Appeal*, 6/22/05) [Read The Article.](#)

**Two-Thirds Of Students Support Personal Accounts:** "Personal accounts are supported by more than two-thirds of all students, but more importantly, personal accounts are voluntary. Those who do not support them will not be coerced into participation. Workers who do opt into personal accounts may see their tax dollars grow substantially through the use of low-risk bonds and sensible stock options... Putting our tax dollars to work for us through compound interest, personal accounts are a much better solution than benefit cuts or tax hikes. Social Security taxes have been raised 40 times since their inception. Another round of tax hikes will only delay the problem and cost our generation jobs just as we begin to enter the work force." (Jonathan Swanson and Anastazia Skolnitsky, "Attention, Students: Your Money's On The Line," *CAMPUS Magazine* 6/17/05) [Read The Op-Ed.](#)

**Heritage Tallies How Much No Reform Costs Workers:** "The Social Security NOdometer measures how much saying no to Social Security reform is costing future generations of Americans. The NOdometer display shows the outstanding debt owed to the Social Security Trust Fund. Congress will have to raise taxes, reduce Social Security benefits, reduce other spending, or borrow more when it comes time to repay the Trust Fund -- starting in 2017, according to the Social Security Administration. ... The longer lawmakers delay fixing Social Security, the more painful the fix will be. This year alone, the debt owed to Social Security will increase by over \$60 billion and the system's 75-year deficit will increase by over \$600 billion." (Heritage Foundation) [Link To The Website.](#)

**Personal Accounts Provide Low-Income Workers Opportunity To Build Nest Egg:** "(B)ecause significant benefit cuts will be necessary in the decades after retiree benefits eclipse payroll tax revenue in 2017, the accounts are a critical part of helping workers get a better deal, they say. 'Tax payments to Social Security represent the largest contribution toward retirement for most Americans' a report by President Bush's 2001 commission stated. 'Their ability to save and accumulate assets will be determined largely by whether such opportunities are created within Social Security.' ... Workers pay 6.2% of their wages — up to \$90,000 — to fund retirees' Social Security benefits. Economists say the real burden is twice as high because employers also pay 6.2%. For low- and moderate-income workers, in particular, that leaves little extra disposable income to save and invest. ... 'The pathway out of poverty is not through income and consumption, but through savings and accumulation.' ... Diversified investments made over an entire working life carry little risk 'compared to a Social Security system that can't pay the benefits that are promised,' [Michael Tanner of the CATO Institute] said." (Jed Graham, "Social Security Reform Would Assist the Poor", *Investor's Business Daily*, 6/20/05) [Read the Article](#)

**Sen. Chafee Backs Progressive Benefit Growth, Declares Doing Nothing A Mistake:** "In his Chamber of Commerce speech, (Rhode Island Sen. Lincoln) Chafee addressed Social Security. That traditionally thorny issue, Chafee said, actually presents 'a chance to get together to do something good.' ... Chafee said, 'there is that temptation to do nothing.' But that, he added would be a mistake. 'Shame on us if we do nothing.' ... (H)e said, if progressive indexing is done in conjunction with measures like raising the income cap, it could soften the hit that group would take. There is some benefit to the private accounts advocated by the Bush administration and others, Chafee said ..." (Jim Baron, "Chafee: Group Of Moderate Senators Hopes For Progress On Several Issues," *The Pawtucket Times*, 6/21/05) [Read The Article.](#)